

Housing 400 Initiative: Summary of Results

September 25, 2007

The North Carolina General Assembly created the Housing 400 Initiative in July 2006 to finance independent and supportive apartments for persons with disabilities, including mental illness, developmental disabilities and substance abuse disorders. All the apartments will receive operating subsidies making them affordable for persons living on Supplemental Security Income (SSI), which is approximately \$620 a month.

The North Carolina Housing Finance Agency and North Carolina Department of Health and Human Services (DHHS) are partners in this effort. In 2006, the General Assembly appropriated \$10.9 million in nonrecurring funds to the Housing Trust Fund to develop the apartments and \$1.2 million in recurring funds to DHHS for operating subsidies. With oversight by DHHS, local lead agencies will facilitate referrals and services for persons with disabilities. Apartment owners will receive operating subsidies for referred residents on SSI, while the residents apply for permanent HUD rent assistance.

Results. The 400 Initiative exceeded its goal. Financing has been awarded to develop 425 independent and supportive apartments in 33 counties. The apartments are located in 64 developments, in cities, mid-sized towns and rural communities from Edenton to Burnsville. A list and map are attached showing the locating of the apartments. Normal completion time for units created through new construction is 18 to 24 months.

In addition to the \$10.9 million appropriation, financing for the 425 apartments included federal and state tax credits, HOME funds, Housing Trust Fund loans, bank loans and investments by local governments.

The 425 apartments include:

- 120 supportive apartments in 13 separate developments. These properties will provide enhanced service coordination for all residents. They were funded in May 2007 with zero-interest loans. All will be built to high standards of energy efficiency to reduce operating costs.

Thirteen local agencies will coordinate referrals. For 10 developments, the sponsoring agency or lead agency works primarily with persons with mental illness, developmental disabilities or substance abuse disorders. Referrals for the remaining three properties will be coordinated by Independent Living Centers, which serve persons with a range of disabilities.

- 27 apartments in five developments, created through the rehabilitation of older, federally-subsidized apartment developments. Financed in April 2007, these apartments will be linked with community-based services and receive operating subsidies in the form of rent assistance for persons with disabilities. Referrals will be handled by local lead agencies.
- 278 Housing Credit apartments. These comprise more than 10% of the apartments financed with 2007 federal and state tax credits. The apartments will be set aside in 46 new rental communities statewide. Under an arrangement with the apartment owners, a local lead agency will facilitate access to community-based services for residents with disabilities. The apartments will receive operating subsidies in the form of rent assistance for persons with disabilities.

Plans for FY 2008. The General Assembly appropriated \$7.5 million in nonrecurring funds for development of independent apartments in FY 2008, and an additional \$3.5 million in recurring funds for operating assistance.

The application cycle for funds to develop supportive apartments opened in August. (Applications are available at www.nchfa.com/About/housing400.aspx.) The deadline for preliminary project descriptions and site visit requests is October 31, 2007. Final applications are due January 31, 2008. Awards will be announced in early summer.

As last year, 10% of the 2008 Housing Credit units will be eligible for operating funds to make the units affordable for persons with disabilities. Pre-applications for the 2008 Housing Credit cycle will be due in January 2008, and awards will be announced in August 2008.

Remaining under discussion are the preservation rehab program and a program that would make operating assistance available in existing apartment communities with federal or state financing.

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